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SUBJECT: AMBASSADOR EATON DISCUSSES PANAMA CANAL EXPANSION
WITH FRENCH AMBASSADOR

SUMMARY

1. (U) Ambassador William Eaton met with French Ambassador to Panama Christophe Philibert on October 31, 2005. The ambassadors discussed French interests in Panama, President Bush's November 6-7 visit to Panama, and French ambitions for Panama Canal expansion. End Summary.

French Economic Interests in Panama

2. (SBU) French interests in Panama are primarily economic. France supports expansion of the Panama Canal and plans to participate in the expansion. Amb. Philibert said, adding that he hopes President Bush will make a statement supporting Canal expansion during his upcoming visit. Ambassador Eaton responded that President Bush probably would avoid making a statement on Canal expansion, preferring to let the Panamanians decide the Canal's fate. Amb. Philibert said that many of today's massive freighters are too big for the Canal's 110-foot wide locks. If the Canal does not expand, he believes, it risks becoming a regional, rather than global canal.

French Companies On The Make

3. (SBU) Philibert said two or three French companies, namely Tractebel Development Engineering, Coyne-Bellier, Tehnum N.V. and Compagnie Nationale du Rhone, are working on expansion plans and studying the viability of a third set of locks. If the Panama Canal Authority (ACP) chooses to expand the Canal, Philibert expects a multinational effort. French firms face strong international competition from China, Japan, the U.S., and various European nations vying for expansion contracts, he added. French firms also are also interested in the Panama City-Colon highway project. A Mexican construction firm, PYCSA, originally had a contract to complete the Panama City-Colon motorway but the Panamanian government suspended the contract after alleged violations. French companies are interested in bidding on the contract if it is reopened to competition.

French Tourism Declines After Air Crash

4. (SBU) French tourism suffered a blow, Philibert said, from an August 19, 2005 plane crash in Venezuela that killed all 160 aboard, mostly tourists from French Martinique returning from a week in Panama. The number of French tourists visiting Panama decreased significantly after the crash. West Caribbean Airways, which offered Martinique-Panama charter flights, was grounded pending investigation of the accident. There are no direct flights between Panama and France, Amb. Philibert said.

French Consular Affairs in Panama

5. (SBU) Roughly 700 expatriate French citizens live in Panama, with the majority married to Panamanian citizens. The Consular Section of the French Embassy has gotten tough on visa issuance, particularly since the implementation of the Schengen visa, which allows travel to thirteen E.U. countries, Iceland, and Norway. Visas to France are not required for Panamanian citizens, but the French Embassy accepts applications from third-country nationals, including citizens of Colombia, Ecuador, the Dominican Republic, and Peru. It is fairly routine for French consular officers to investigate visa applicant's hotel reservations and other points of contact and deny visas on suspicion of drug trafficking, where appropriate.

Chirac Visit Not On

6. (SBU) Amb. Philibert said rumors that Pres. Chirac will visit Panama are unfounded. No French president has ever visited Panama, although in his opinion, such a visit is warranted.

Gratitude?

7. (SBU) Amb. Philibert expressed his view that the Panamanians are at times insufficiently grateful to the U.S.

for its role in constructing the Canal. He said that he hopes that there will be no violent demonstrations during Pres. Bush,s visit.

EATON